



MHC HOUSING

OUTLOOK: NATIONAL EDITION

Canada Mortgage and Housing Corporation

Expect steady housing construction

Overview

Housing starts:

2003: 205,500

2004: 193,700

Resales:

2003: 395,800

2004: 380,900

Housing starts: Canada's housing construction industry is on solid footing. Economic growth will continue to support new housing construction. As housing prices rise, so will the popularity of relatively cheaper multiple dwellings.

House prices: Resale markets are tight, though they are showing signs of cooling off. High levels of sales and a low supply of new listings will keep house prices growing, though the rate of growth will slow down.

Resales: High demand for housing, generated by growing employment and incomes with historically low mortgage rates, will keep resales high, but below last year's record. (Details on Page 3)

The Nation's HOT SPOTS

British Columbia: Improving economic performance combined with low levels of vacant housing inventory will give B.C. the fastest growth in starts this year. (See Page 9)

Quebec: Rising income, renewed consumer confidence, and low mortgage rates will support home building. (See Page 14)

Ontario: High immigration and low mortgage rates will keep inventories near a record low and boost residential construction. It is our view that SARS will have a minimal impact on the housing market. (See Page 13)

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Second Quarter, 2003

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**CMHC Housing Outlook:
National Edition is your
national sales, marketing, and
business planning tool.**



HOME TO CANADIANS
Canada

CMHC — HOMETO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is home to Canadians. In everything we do, we help Canadians live in safe, secure homes.

As the Government of Canada's national housing agency, we play a major role in Canada's housing industry. CMHC develops new ways to finance home purchases. We encourage innovation in housing design and technology. Our mortgage loan insurance helps Canadians realize their dream of owning a home.

Canadians benefit from our work with all levels of government, public, private and not-for-profit partners to improve the quality, accessibility and affordability of rental housing everywhere in Canada.

CMHC assistance helps low-income and older Canadians, people with disabilities and Aboriginals live in decent, affordable homes. We create jobs for Canadians with products and services that help the housing industry export its knowledge and skills to other countries.

CMHC's leading-edge research improves the quality and affordability of housing. To help Canadians benefit from our housing expertise and make informed decisions, CMHC has become Canada's largest publisher of housing information. We also have Canada's most comprehensive selection of information about homes and housing. Canadians can easily access our information through retail outlets and CMHC's regional offices.

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MLS®

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National Housing Outlook

In Detail

Singles starts will plateau

Single detached starts will plateau this year. Last year was a banner year when single starts grew by 30.6 per cent, the second fastest pace since 1957, to reach 125,374 units and posted their first year above 100,000 in over a decade. In our view, this pace of growth is not sustainable. Indeed activity is forecast to be flat or weaker in seven of the ten provinces in 2003. However, growth is expected to occur in Quebec, Saskatchewan and British Columbia, bucking the national trend. Despite the lack of growth, from a historical perspective, the level of single starts is expected to still be quite high, reaching 122,100 units in 2003.

The rapid increase in the rate of building over the past 18 months has led to trade labour shortages, and this raises the possibility that current housing expansion could be adversely effected. In our view this is not likely in the short term. The pace of starts is not being affected, but the length of time required to complete projects is being extended as the labour market for construction has not kept pace with the rapid increase in starts over the past 18 months.

Multiple starts will gain share

Semis, apartments and row units all experienced double digit growth in 2002, the first time this has happened since 1986. Our outlook for multiples this year is for slower

growth than last year, but we do expect a better year for multiples this year than for singles. As the average price of homes rises, eventually people will shift to the generally lower priced multiple units. Overall, multiple starts will post another positive year in 2003, growing by 4.8 per cent, to a level of 83,500. With mortgage rates rising further in 2004, multiple starts will taper off, declining to a level of 77,400.

Another strong year for resales

MLS® resales hit an all-time high last year, reaching 421,227 nationwide. Since the market has begun to cool off slightly, we expect resales to decline about 4.5 per cent from last year's record level. However, the annual total will still be the second best on record. Further increases in the average resale price along with higher mortgage rates will cause resale activity to moderate further in 2004.

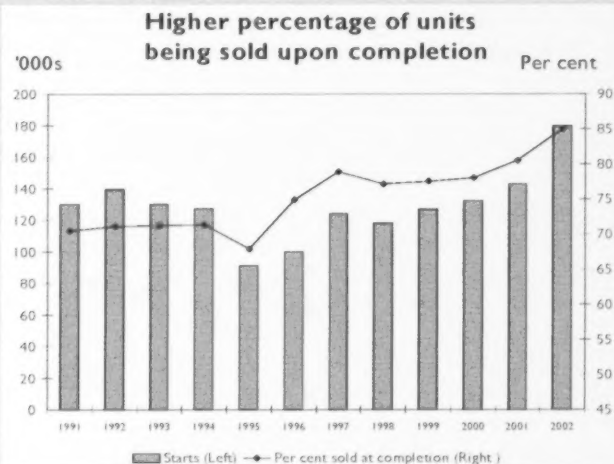
Prices will keep rising... but no bubble

Resale markets are tight and a low, albeit growing, supply of new listings will keep prices rising in the near term. Nonetheless we expect that resale prices will rise at a slower pace over the next two years as listings rise and the resale market cools. With broad based price increases expected to be just slightly above the general rate of inflation and trending downward over the near term, it is our view that a real estate bubble is unlikely to develop in the short term.

Spotlight: The industry is better at managing supply

Homebuilders have improved at matching supply with demand over the past several years.

- The percentage of housing sold at completion topped 85% in 2002, reflecting high demand and better matching of supply to demand by builders.
- If the percentage of units that have already been sold upon completion is high in a time of high market volume, then one may conclude that demand is high, as few completed units are being left unsold.
- In general, the industry is doing a better job of matching supply with demand. Key is their ability to accurately gauge the level of demand and to limit speculative building. ■



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Trends Impacting Housing

The Economy

The Canadian economy continues to surprise on the upside. Although the fourth quarter of 2002 registered growth of only 1.6 per cent, the weakness being mainly trade related, the domestic economy still registered steady growth. Overall, growth in 2002 was 3.4 per cent, which was above that of the U.S. The Canadian economy has now outperformed the U.S. economy for four consecutive years, something which has not happened since 1975. Several indicators, such as employment, manufacturing shipments, retail sales and the Statistics Canada composite leading indicator suggest economic growth will continue at a solid pace this year.

Although many indicators of the U.S. economy are currently mixed, now that the military uncertainty in Iraq is virtually gone, the U.S. economy should resume its recovery. This will further bolster the Canadian economy and we should expect solid economic growth in both 2003 and 2004, at 3.2 and 3.4 per cent respectively.

One of the key risks in the near term is that the current recovery in the U.S. lose momentum and the economy gets pushed back into recession. Although the geopolitical situation presents less risk than it did two or three months ago, it still has the potential to reduce economic growth in the U.S. and therefore Canadian growth could be reduced as a result. However, at this time our view is that the impact on the Canadian housing market would be minimal. The SARS outbreak in Toronto presents a further risk, however if the outbreak is successfully contained, the impact to the Canadian housing market will not be significant.

Mortgage Rates

On April 15th the Bank of Canada raised its target for the overnight rate by one-quarter of one percentage point to 3.25 per cent. This was the second increase by the Bank this year and brings the total increase to 125 basis points since the Bank began to increase the overnight rate in 2002.

On April 23rd the Bank released its bi-annual Monetary Policy Report which is a key public policy document in which there are hints as to the direction of monetary policy over the short term. In this document and in the press release accompanying the April 15 change in the overnight rate, the language has become noticeably softer. The Bank still states the need for "further reductions in monetary stimulus" i.e. higher interest rates in order to keep inflation

at the medium term target of two per cent per year. However it continues to stress that "global economic uncertainties will dampen near term growth". Therefore the timing and pace of rate increases may not continue as it has in the recent past. However it is our view that the Bank will raise rates by a further 50-75 basis points over the remainder of the year.

That being said, mortgage rates will still remain low from a historical standpoint. The one-year mortgage rate is expected to be in the 5.00 to 6.25 per cent range this year, while the five-year rate is expected to be in the 6.50 to 7.75 per cent range. Continuing strength in the economy in 2004 will result in mortgage rates moving higher still. The one-year mortgage rate is expected to be in the 6.25 to 7.25 per cent range in 2004, while the five-year rate is expected to be in the 7.50 to 8.25 per cent range.

Employment & Income

Canada experienced surprisingly strong job creation in 2002 after a lackluster performance in 2001. The number of jobs created in 2002 (over 560,000) was an all-time record. This rate of job creation is not expected to continue in 2003, but over 67 thousand jobs have already been created in the first quarter of 2003.

Canadian incomes are growing. In fact, the average Canadian worker has seen real, after tax income grow by over 2.5 per cent per year for five years running, this has not happened since the 1972-1976 period. This income growth will amplify the positive effect of the strong employment growth that Canada has experienced recently and will continue to support housing demand.

Consumer Confidence

One of the continuing positive aspects about the Canadian economy right now is the high level of consumer confidence, particularly with respect to buying a house. This is the case even with all sorts of uncertainties in the news, from very weak equity markets, to corporate scandals, a less than robust U.S. economic recovery and tensions over the current geopolitical situation. The Conference Board of Canada index of consumer attitudes has fallen from its recent peak, but it remains relatively high, even with all the aforementioned uncertainties. Canadians remain generally positive about the future and this bodes well for housing demand in the near term.

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Trends at a Glance

Key factors and their effects on residential construction

Factor	Comment	Impact	
		2003	2004
Mortgage rates	Mortgage rates will remain low historically, but start to rise this year. Rates will increase next year and moderate housing demand.		
Employment	Robust job creation will support housing demand in 2003, moderating in 2004.		
Incomes	Incomes will benefit from solid job growth and rising wages.		
Net migration	Large migration inflows since 1987 support housing demand.		
Natural population increase	Natural population increase (births minus deaths) continues but at a progressively slower rate. This trend will cause the formation of households to slow over time.		
Consumer confidence	Resilient consumer confidence in the face of global uncertainties will support housing demand.		
Resale market	Resale markets will begin to ease slowly. This will eventually temper the demand for new housing.		
Inventories of new and unoccupied units	Low inventories of newly constructed and unoccupied dwellings stress that demand must be met by new construction.		
Vacancy rates	Still low vacancy rates should spur multiple starts. As vacancy rates rise this impact will moderate.		

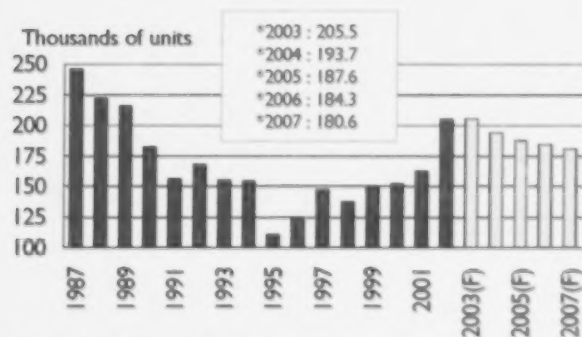
Special Report: 2003-2007 Outlook

Residential construction will begin to decline through 2007 after plateauing this year as housing related factors move in mixed directions.

Following last year's huge jump of 26 per cent in housing starts, there will be a slight increase for 2003, followed by a gradual decline over the 2004-2007 period. The increase this year will come from multiple unit construction as single-detached units decline after rising for the past four years. The declines will not be dramatic and starts will remain above 180,000 units, which is well above the average for the 1990's.

The Canadian economy will remain solid in 2003 despite a tentative recovery in the U.S. economy and geopolitical uncertainty. After that, GDP growth will improve until 2005 as the North American economy recovers. This will sustain steady employment growth above two per cent per year through the forecast period, resulting in a downward trend in the unemployment rate.

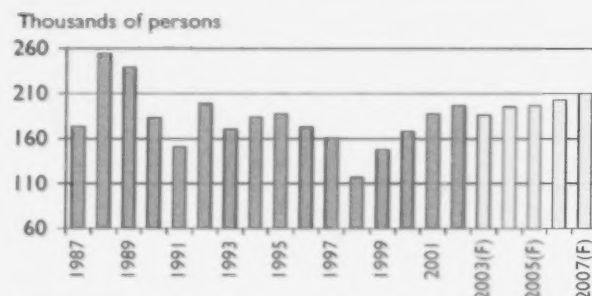
Total Housing Starts, Canada



Source: CMHC. (F) Forecast.

The combination of a growing economy with job growth and an attractive lifestyle will draw an increasing number of immigrants to Canada. British Columbia will experience a resurgence of international immigrants after a period of decline in recent years. Alberta's strong economic growth will continue to attract the majority of inter-provincial migration.

Total Net Migration, Canada



Source: Statistics Canada. (F) Forecast by CMHC.

Remaining housing factors mixed

Housing demand will decline gradually as interest rates creep upward in the next two years. The rate of increase in interest rates may be slower than previously anticipated in our last forecast due to the drag stemming from a tentative recovery in the U.S. economy. The combination of falling mortgage rates and rising house prices will end. A period of rising mortgage rates and rising house prices is beginning. Under these conditions, the cost of homeownership will rise.

Uncertainty from geopolitical conditions may also dampen enthusiasm for housing investment. It is unlikely that consumer confidence in Canada will stay as much higher than U.S. levels as has been seen in recent years. If the American economy fails to show clearer signs of a solid recovery, confidence levels in Canada will eventually waiver.

Increasing house prices in the first few years of the forecast will have a cooling effect on housing demand. Appreciation of house prices has been strong recently and will continue in the near future. Seller's market conditions have put upward pressure on prices. This has a "spill over" effect in new construction. Moreover, high

levels of construction activity have caused skilled labour shortages in some markets, which in turn causes higher costs of construction.

Inventories of new and unoccupied houses are below the record low set in 2001. Vacancy rates, on the other hand, have increased slightly, but are still very low historically. These factors, along with low resale listings, will mean housing demand will have to be met primarily through new construction.

Regional Details

Strength in residential construction will begin to diverge among the provinces over the next five years in contrast with a pattern of relative uniform trends observed in 2002. Most provinces will experience declines this year, but growth is expected in Quebec, Ontario and British Columbia. Economic and employment growth along with the settlement of the majority of immigrants in these three provinces will boost their housing activity.

Newfoundland and Labrador

Economic growth will remain strong in 2003 due to oil and gas developments; however, the majority of employment impact has already been realized. Housing

starts peaked in 2002, and will remain strong in 2003, followed by gradual declines over the next four years.

Prince Edward Island

Development in the technology sector will help provide moderate improvements in the economy over the forecast period. Employment growth will be stable, but relatively low, resulting in a decline for housing starts from recent highs.

Nova Scotia

A delay of investment in energy projects will result in a delayed expectation for migration to Nova Scotia until later in the five year forecast. This will obviously affect employment prospects as well, resulting in a decline in residential construction.

New Brunswick

Housing starts peaked in 2002 and will gradually decline each year until reaching 3,500 units in 2007. Investment in electrical generation and highway construction will boost economic and employment growth, but the restructuring of a number of rural communities will restrict housing activity to the three main urban centres.

Total Housing Starts, Canada and the Provinces

	2001	2002	2003(F)	2004(F)	2005(F)	2006(F)	2007(F)
Newfoundland	1,788	2,419	2,150	2,000	1,900	1,800	1,700
Prince Edward Island	675	775	755	610	600	625	650
Nova Scotia	4,092	4,970	4,525	4,200	4,250	4,400	4,500
New Brunswick	3,462	3,862	3,750	3,600	3,575	3,525	3,500
Quebec	27,682	42,452	44,000	42,000	42,000	43,000	43,000
Ontario	73,282	83,597	86,000	80,000	75,000	71,000	68,000
Manitoba	2,963	3,617	3,200	3,200	3,125	3,075	3,000
Saskatchewan	2,381	2,963	2,925	2,900	2,875	2,800	2,750
Alberta	29,174	38,754	35,100	31,200	29,500	28,600	27,500
British Columbia	17,234	21,625	23,100	24,000	24,800	25,500	26,000
Canada	162,733	205,034	*205500	*193700	*187600	*184300	*180600

Source: CMHC. (F) Forecast. * Total does not add due to rounding.

Quebec

Housing related factors are lined up in Quebec to produce a healthy market out to 2007. A sustained high level of immigrants, a stable economic outlook and one of the strongest employment growth forecasts in the country will make it one of the few provinces to experience more starts in 2003 than last year. Starts are expected to remain above 40,000 units per year for the 2003-2007 period.

Ontario

New home construction will increase in 2003, reaching 86,000 units, the highest level in fourteen years. After that, construction will decline each year to reach 68,000 units in 2007. Ontario will receive over half of all immigrants to Canada, but not as many as were seen in 2001. Employment growth will lead the nation through 2006.

Manitoba

Manitoba will have a stable economy with consistent employment growth over the next five years. Housing starts will decline in 2003 after a significant rise the year before. Between 2004 and 2007, starts will mirror the economy in stability, ranging from 3,000 to 3,200 units.

Saskatchewan

Saskatchewan will remain as one of the least volatile economies. Steady, but moderate employment growth along with a reduction in the number of people leaving the province, will prevent house construction levels from changing significantly.

Alberta

Oil and gas activity will continue to drive the economy and draw interprovincial migrants, especially in 2003 and 2004. Housing starts will decline each year to 27,500 units in 2007. Although this reflects a downward trend, the number of starts remains strong. The level of new construction over the five year forecast is similar to the previous five year average, though it looks like a significant fall when compared to the enormous performance of 2002.

British Columbia

British Columbia will be the only province to see housing starts increase in each of the next five years. After a period of lagging economic growth that resulted in a severe drop in international and interprovincial migration, British Columbia will return to being one of the favoured destinations. The economy is expected to improve and steady, though moderate employment growth will help boost housing demand.

Forecast Risks

The most significant risk for the five year forecast is tied to the timing and strength of a US recovery. If the recovery gets stalled and recession spreads, this would dampen Canadian housing demand as the impact would be inevitable. Also, if a recession was to go beyond North America, the impact would be greater and both US and Canadian economies would have their forecasts for growth downgraded.

Higher than expected international migration

This continues to be a potentially significant factor over the forecast period. The escalation of unrest in many parts of the world only serves to boost the perception of Canada as a good destination. This would be especially true for British Columbia as it begins to climb out of an economic slump. The combination of lifestyle, climate and an improving economic outlook would draw many more immigrants than was seen in the late 1990's.

More rapid rise in interest rates.

Although the current forecast includes a rise in rates, a sudden rise would affect the housing forecast. The likelihood of this happening in 2003 is less likely, however, growth could rise more rapidly once the American economy gets rolling. The price of oil and therefore related energy costs could end up cascading into higher overall inflation, causing governments to try to control inflation through higher interest rates. This combination would see rates rising above the current forecast and be cause for concern.

British Columbia

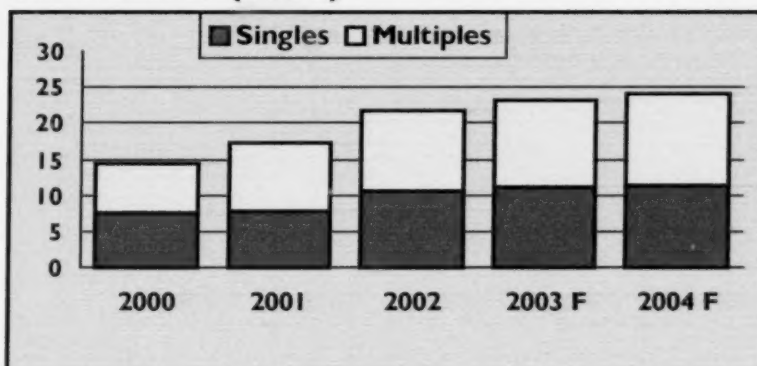
Overview

Residential construction remains robust

Growth in the B.C. economy continues to be influenced by external developments. The domestic economy is expected to be stronger, B.C. retail sales have been robust and housing activity has taken off. On the other hand, weak U.S. demand for goods and services, lower prices for key B.C. exports and the softwood lumber tariff, are expected to result in the trade side of the economy reducing overall economic growth.

Low mortgage interest rates and pent-up demand continue to drive spending in the province, particularly on residential housing. Significant year-over-year gains in home sales (twice the national growth rate) have builders ramping up residential construction. As a result, expenditures on

B.C. Starts (000's)



complementary items like furniture, appliances, and home renovations are also growing. Even automobiles are rolling out of showrooms faster than in the rest of Canada, indicative of strong consumer spending.

While the housing sector is expected to remain one of BC's growing sectors, a recovery in U.S. domestic consumption during the second half of 2003 through 2004 is expected to further bolster the provincial economy and increase housing demand. Improving export activity and further job growth will contribute to an improvement in interprovincial migration in 2004. Expect total starts to reach 23,100 units this year and to grow further in 2004, reaching 24,000 starts.

In Detail

Single Starts: Single starts will continue at a strong pace in 2003. After a 37 per cent climb in single starts last year, 2003 will experience a further two per cent increase. This growth will be strong across the province as pent-up demand and growing recreation markets offset some of the impact of a struggling resource sector on rural communities. A top concern among home builders is a lack of skilled trades workers, causing labour costs to rise.

Multiple Starts: Multiple starts in the province will continue an upward trend, as land supply constraints, lower cost, and lifestyle preferences drive their popularity. Multiple starts in the province are expected to grow 11.1 per cent in 2003. Low levels of vacant inventory and many presold units already under construction means there is plenty of room for additional supply in a number of B.C. markets, especially in Vancouver where 70 per cent of the province's multiple starts activity occurs.

Resales: In 2002 B.C. posted the highest number of MLS® sales in ten years, double the national growth rate. Low mortgage rates and pent-up demand will continue to keep MLS® sales strong in 2003, with 78,000 units expected to change hands.

Prices: While the average MLS® price grew 7.2 per cent in 2002, expect a more modest 2.6 per cent increase in 2003 to \$245,000, resulting from more balanced market conditions.

Provincial Highlight

Rental housing investment is again proving popular. Investors of all types are being drawn to private rental investment, particularly condominium apartments in Vancouver's downtown. Almost half of the privately-owned condominium apartments in Vancouver's downtown core are rented out. The typical investor is over age 45, earning more than \$65,000 per year, with nine out of every ten investors owning just one unit.

Alberta

Overview

Positive fundamentals remain

High levels of capital spending in the energy sector have piloted the resurgence of the Alberta economy over the past five years. Since 1997, the province's total output has moved ahead of British Columbia and led to the creation of 13 per cent of all new jobs in the country. The economy's ability to create more jobs than the province's proportional share of the national population has made Alberta the top destination choice of other Canadians seeking employment opportunities. Impressive job creation and the influx of migrants have been two major contributors behind the strong performance of the resale and the new home markets.

The energy sector will continue to fuel economic growth in Alberta as elevated prices of oil and natural gas induce companies to increase their budgets for exploration and development. In 2003,

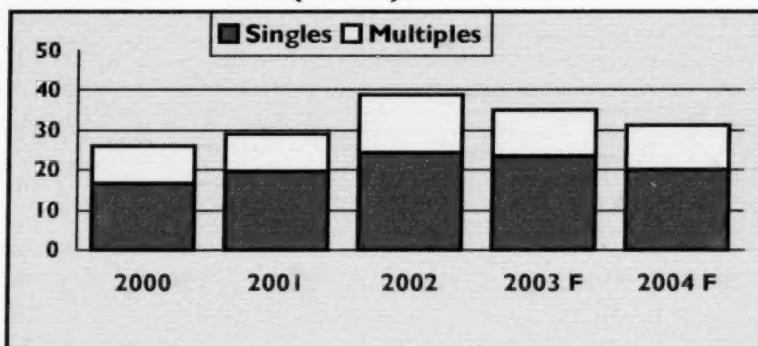
In Detail

Single Starts: In 2002, single-family homebuilders enjoyed their best year on record. In 2003 and 2004, a healthy economy will keep demand buoyant. The industry, however, will be hard pressed to match last year's performance due to a greater selection in the resale market, along with rising mortgage rates and house prices. Nevertheless, the next two years are forecast to be strong from a historical perspective.

Multiple Starts: In 2002, multi-family starts posted their best performance since 1982. Moving forward, multi-family starts will drift downwards as builders try to avoid a situation of excess inventory. However, starts activity will be significantly higher than the average of the past five years.

Resales: With a record year in 2002, any future performance is likely to seem like a slow down. Expect MLS® sales to slip around four per cent in 2003 and 2004. A lack of listings at the lower end of the price

Alberta Starts (000's)



investment levels in the energy sector are forecast to rise by 20 per cent. A decline in spending in the oilsands sector will be more than offset by higher activity in the conventional oil and gas sector. Beyond 2003, investment levels in the oilsands sector are anticipated to rebound as projects get underway in the northeast.

Due to strong economic growth, Alberta will continue to have the lowest unemployment rate in Canada. This will continue to attract workers from other parts of Canada, though in smaller numbers. These factors should stimulate a healthy increase in the number of new households. As a result, demand for both rental and home-ownership housing should remain vibrant from a historical perspective. Total starts will reach 35,100 units in 2003 and 31,200 in 2004.

spectrum will dampen activity in the first-time buyer segment. Although still elevated, a decline in net migration will hold back sales. Despite lower sales than last year, the performance over the next two years will be strong when compared to recent history.

Prices: The healthy pace of sales will bid prices up over the forecast period. However, with listings continuing to increase in the major markets, look for the value of resale homes to rise at a slower pace than in 2002, more in line with the overall inflation rate.

Provincial Highlight

According to the latest national census, the total number of households in Alberta jumped by nearly 13 per cent from 1996 to 2001. This increase almost matched the gain over the previous ten year period. From 1986 to 1996, the number of households increased by 17 per cent.

The sharp rise in the number of households goes a long way in explaining the impressive performance of new home construction. From 1997 to 2002, close to 147,000 new housing units were started in the province. This five year total compares very favourably to the ten year period from 1987 to 1996 during which about 152,000 units were started.

Saskatchewan

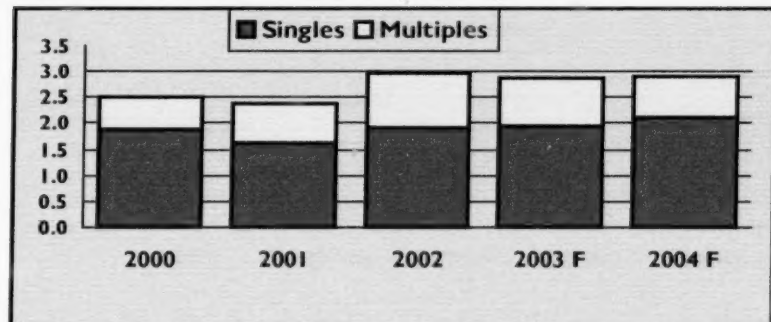
Overview

Steady growth continues

Economic growth is forecast to exceed the two per cent mark each of the next two years. Growth will be underpinned by higher investment levels in the oil and gas industry and a rebound in agriculture production as crop yields return to normal levels. In addition, investment spending totaling about \$1.7 billion is proposed for four uranium mines and one diamond mine. However, at this stage most of these projects are speculative in nature. If all or a portion of this investment does take place over the next two years, economic growth may equal or even surpass the national average.

Despite this growth, a shortage of skilled labour will keep the provincial economy from generating substantial job gains. Employers across several industries including residential construction are having trouble filling job vacancies. The scarcity of skilled workers is underscored by a rate of

Saskatchewan Starts ('000's)



unemployment below six per cent with a labour force participation rate of nearly 70 per cent. The shortage is particularly acute in the services sector, which has an unemployment rate below four per cent.

The labour shortage is anticipated to bid up wages and lead to gains in disposable income. Income gains combined with growth in the number of households, still-low mortgage rates, an insufficient supply of resale homes and tight rental markets will contribute to growth in the residential construction sector.

Over the past five years, housing starts have averaged close to 2,800 units. In 2003 and 2004, total starts will reach or surpass 2,900 units. As has been the case since 1997, single-detached units will account for about 70 per cent of the activity.

In Detail

Single Starts: Single starts will continue at a healthy pace in 2003, closely matching that seen in 2002. A shortage of serviced land should be addressed by early spring but a scarcity of skilled labour will restrain production as it did in 2002. Expect increasing demand from starter households who have been unsuccessful in finding a resale home due to the shortage of suitable listings.

Multiple Starts: Multiple starts will also keep step with 2002 activity. Starts will stem from an active private sector as well as the public sector under the provisions of the Affordable Housing Program Agreement signed by the Governments of Canada and Saskatchewan.

Resales: MLS® sales volume will see declines due to a shortage of listings. In particular, good quality homes at the lower price ranges will be sold quickly.

Prices: MLS® prices are on the rise due to the sale of more expensive listings as well as steady demand in the face of limited listings in the starter home market. New housing prices will see significant increases in 2003, in the order of 3.0 per cent. The higher cost of newly serviced land will be passed on to the purchaser resulting in higher prices for new homes.

Provincial Highlight

CMHC has conducted a study of the Seniors' Housing Markets in Regina and Saskatoon.

The research found that:

- Independent living is the predominant housing option for Seniors
- with few exceptions, vacancies are tight in all the housing options
- the majority of projects in all housing options are owned/operated by the non-profit sector

For an in-depth analysis of the study results, watch for the Seniors' Housing Report which will be released in May of this year and which can then be ordered by calling 1-877-722-2642

Manitoba

Overview

Stable performance expected

Annual economic growth in Manitoba will be very close to the Canadian average over the next two years. The economic outlook is based on sustained levels of consumer spending and resurgence of exports to the United States as that economy picks up.

A strong job market should help maintain an environment where consumers will feel confident and continue spending. Over the forecast period, economic growth will translate into employment growth of about 1.3 per cent, causing the unemployment rate to dip below five per cent.

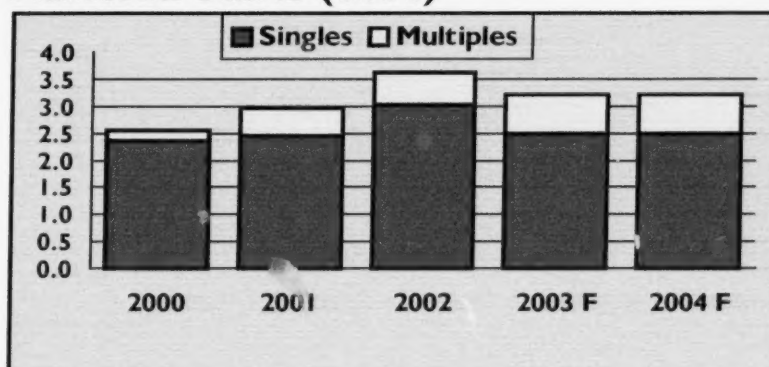
Despite the favourable job market, the amount of people leaving Manitoba will continue to outnumber those moving into the province. Most of the emigrants will be seeking greener pastures in Alberta, B.C. and Ontario. As a result, household growth will

In Detail

Single Starts: Last year, single-family starts were propelled by low mortgage rates, high levels of employment, gains in disposable income, and a continued lack of supply in the resale market. With the exception of rising interest rates, the factors that drove the market to a 13 year high last year will remain in place and we can expect another solid performance in 2003 and 2004. Rising mortgage rates will eventually take their toll, however, and starts will not repeat last year's record numbers as higher priced units will lose share to more moderately priced units.

Multiple Starts: Increased multiple-family activity destined for the rental market is expected over the next 18 to 24 months in response to Winnipeg's tight vacancy rates as well as in response to incentives provided by the federal-provincial affordable housing agreement. Demand for life-lease and condominium units for those 55 years of age and over will also remain strong. It is expected that, in 2003 multiple-family activity will post its best performance since 1999.

Manitoba Starts (000's)



not be a major catalyst for housing demand. The current forecast anticipates the count of new households to increase at a rate of one half to one per cent.

The recent pattern of job creation also has the potential to create more renter than home ownership households in the near term. Indeed, a substantial portion of the new jobs appear to be in the lower earning retail trade sector and it takes lower earning households more time to gather the down payment necessary to purchase a home. These factors underpin the outlook that housing starts will remain stable around 3,200 units over the next two years.

Resales: MLS® activity slowed slightly in 2002 despite strong demand caused by low interest rates. Sales were restricted by a lack of supply, especially in the \$50,000 to \$150,000 price range. Continued lack of supply and rising mortgage rates will contribute to a leveling of MLS® sales growth over the next year. In addition, a lack of choice at the upper end of the price spectrum will cause some demand to spill over into the new home market.

Prices: A lack of listings in the mid range of the market will continue to cause upward pressure on prices in these categories. However, rising mortgage rates will temper home buying activity in the upper price ranges, moderating increases in the average house price.

Provincial Highlight

The number of active listings in Winnipeg's resale market has been falling steadily since 1998 and Winnipeg has been classified as a Sellers' Market since February 2002. Despite a slow down in the pace of sales over the past year, the number of active listings has continued to decline.

As a result, the average price has been increasing, with more desirable homes selling at or above their list price and some properties seeing multiple offers. While rising mortgage rates will help soften demand, low levels of listings will continue to tip the balance in favour of the seller for the foreseeable future.

Ontario

Overview

Condominiums in vogue

Expect another strong year for home construction. On the economic front housing demand will be sustained by full time job creation, though there will be slightly higher mortgage rates. Almost a quarter million new jobs have been created in Ontario from the beginning of 2002 to February 2003 with little sign of letup. However, Canada's dollar is rising and will act as a drag on exports. Job growth will be below the rapid pace of the late 1990s.

Ontario's starts spiked early this year as multiple family home construction in the Toronto area took off. The increase was mostly in condominium homes and with some rental home starts. Labour and capital input bottlenecks are a concern for builders. A colder than usual winter and significant snowfalls nudged the province's single family home construction lower.

In Detail

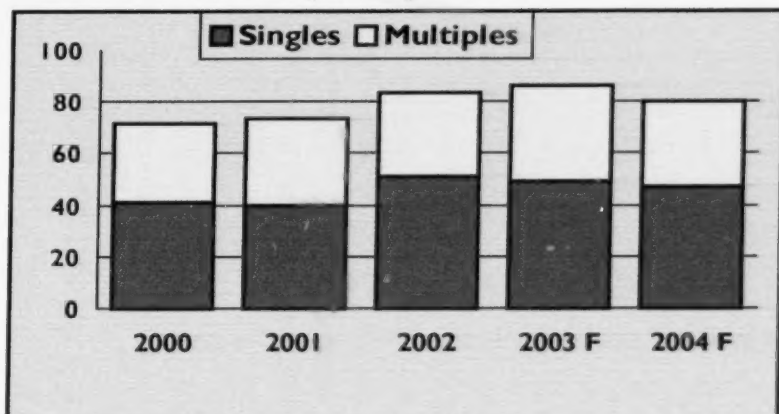
Single Starts: Single home starts will be high but will edge down over the next two years. The demand for new detached homes will be supported by jobs and income growth, and will be slightly offset by rising mortgage rates and home prices and a growing supply of listings on the resale market.

Multiple Starts: Multiple family starts will rise this year as condominiums become increasingly popular in an environment of rising prices. Inventories of newly completed and unoccupied condominiums are low. This, combined with high demand for condominiums implies more condominium starts. Multiple family rental construction will also get a boost from government assistance to affordable rental projects.

Resales: MLS® sales will be strong, but below last year's record. A more rigorous than average winter brought down the number of first quarter home shoppers.

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Ontario Starts (000's)



Economic indicators are mixed, but consistent with job growth. Retail sales are high. Consumers are bullish on large ticket item purchases.

On the demographic front, high immigration levels since the mid 1980s bode well for housing demand. The majority of Canada's immigrants are attracted to Ontario's established social and ethnic networks. Immigrant households initially rent and move into ownership after becoming established. Many immigrants who arrived over a decade ago are now purchasing homes.

Overall, expect 86,000 starts this year and 75,000 in 2004.

Rising mortgage rates will keep home sales over the forecast period below last year's level.

Prices: Resale markets are tight. Home prices will rise rapidly as will the supply of homes listed for sale. The rate by which home prices outpace the general rate of inflation will shrink as the supply of listings increases.

Provincial Highlight

Assessments of long term demographic pressures on Ontario housing demand begin with birth, death and migration scenarios used to study potential changes in population numbers and in the population's age structure. Numbers and types of new households formed are projected on the basis of estimated age specific population scenarios.

Typical estimates for demographically driven housing demand range from under 60,000 new households per year for a low migration scenario; 74,000 for sustained migration levels close to the current ones; and to just under 85,000 households if net migration to Ontario jumps.

Positive economic demand factors, such as strong job creation, income growth and low interest rates will push actual household formation above the longer term demographic potential.

Quebec

Overview

2003 still looks promising

As suggested by the first results of the year, the factors that accounted for the remarkable growth in residential construction in Quebec last year are still at work and should lead to 44,000 starts on the Quebec territory in 2003. In fact, several key phenomena continue to converge, creating an environment that is favourable to both supply and demand.

In 2003, the Quebec economy will continue to benefit from the factors that brought about the strong growth recorded last year, although these factors have now eased. Consumption should still be supported by the recent strong job creation, higher disposable incomes and continued relatively low interest rates. And, despite the latest sources of uncertainty, consumer confidence will remain quite high. While still weak in certain key sectors, investment will be moving closer and closer to a full recovery. External trade will be buoyed up by

In Detail

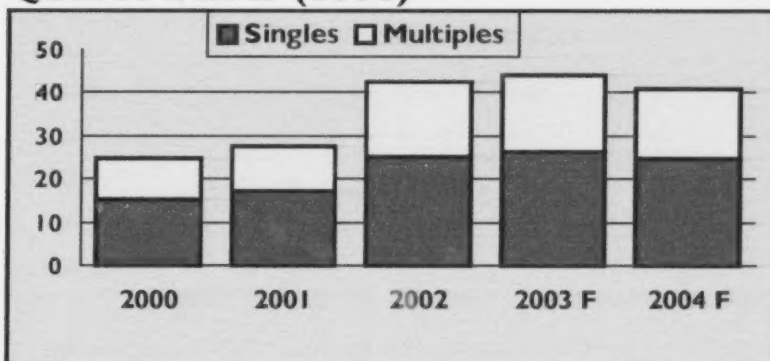
Single Starts: The context described above, along with the delayed effect that certain variables have on demand, will contribute to supporting single-family starts, and such starts should reach about 26,000 units in 2003.

Multiple Starts: Three factors will support multiple housing construction in Quebec in 2003: persistently tight rental markets, the continued appeal (growing in certain areas) of condominiums, and a steady demand on the retirement home market (also tight). There should be at least 18,000 starts in 2003.

Resales: Following a year of strong growth in sales, and while the low mortgage rates will continue to favour demand, choice will remain limited on the existing home market. Consequently, MLS sales will hover around 61,500 units in 2003.

Prices: Faced with relatively weak supply, the persistently strong demand for existing homes will cause resale markets to remain favourable to sellers, which will maintain upward pressure on prices. We are anticipating the average price on this market to surpass \$138,000 in 2003.

Quebec Starts (000's)



the long-awaited recovery in the United States, along with an exchange rate remaining favourable to exports, but will still be waiting for the recovery of some major sectors (air transport, certain high technology niches). In such a context, we expect a GDP growth rate of 3.1 per cent in 2003.

As a result, job creation will continue to grow over the next few years, although at a more moderate pace, and the unemployment rate will hover around 8.6 per cent in 2003. With the forecast still calling for marginal mortgage rate hikes in 2003, along with rising positive net migration levels and tight conditions in related housing markets, it remains likely that the residential construction sector will reach about 44,000 starts in 2003.

Provincial Highlight

This past October, CMHC conducted a survey among new buyers of residential properties in the Montréal and Québec areas. The highlights are outlined below:

Who are they? They are generally couples (71 per cent), they often have children and their average age is approximately 42 years. They have clearly higher average incomes than the total population (\$73,000 compared to \$49,000 in Montréal, and \$66,000 compared to \$48,000 in Québec).

And their needs? For single people, the purchase meets their primary need to house themselves, while families cited location, comfort and space. In the case of this last group, price was not the primary criterion, and new homes appealed to them.

What are they buying? A proportion of 82 per cent of respondent families opted for a detached, semi-detached or row home, while condominium apartments were the choice of single people buying their first property.

What about prices and financing? The average price is around \$140,000. It stands at about \$128,000 for first-time buyers and rises to nearly \$152,000 in the case of older buyers. As for the down payment, it is directly proportional to the age of the households (31 per cent on average, 18 per cent for households aged 34 years or younger and 54 per cent for those aged 55 years or older).

New Brunswick

Overview

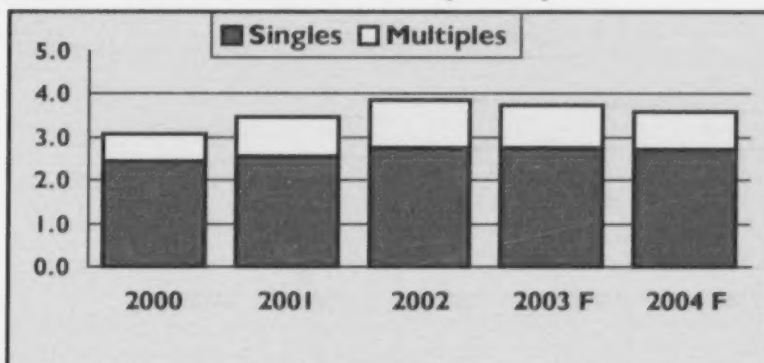
Housing starts will decline

Builders will still remain busy in 2003 and 2004, but residential activity will decline over the forecast period. The expected drop in housing starts is primarily due to a decline in rural single starts and fewer multiple starts in urban centres.

Despite a slowdown in residential construction, expect the provincial economy to experience steady growth over the next two years. Substantial investments in the Irving Refinery Canaport terminal, a new four-lane highway between Fredericton and Edmundston, the refurbishment of the Coleson Cove and Point Lepreau generating stations will all be significant contributors to economic growth.

These major projects combined with an expanding services sector and the

New Brunswick Starts (000's)



province's growing capabilities in the area of communication and information services will also generate jobs. Employment should grow by 1.8 per cent in 2003 and 2.2 per cent in 2004. This should help bring the unemployment rate down to 10.3 per cent by 2004.

Attractive labour market conditions will help draw in migrants from both the rest of Canada and abroad. This inflow will occur for the second year running and will provide a positive impact on urban housing starts in particular. Overall, housing starts in New Brunswick will decline but remain strong in historical terms. Expect housing starts to reach 3,750 units in 2003 and 3,600 units in 2004.

In Detail

Single Starts: Indications that mortgage rates are beginning to move up combined with tight resale market conditions will spur activity in the new home market. When combined with the urbanization phenomenon, all three larger urban centres will continue to support strong levels of single starts this year, particularly in Moncton where lower priced manufactured homes are becoming a popular option. Our current forecast is 2,750 and 2,600 single starts in 2003 and 2004, respectively.

Multiple Starts: Near record low vacancies in Fredericton combined with a substantial rise in students moving in from Ontario will stimulate multiple starts in the Capital region. Rising multiple starts in Fredericton and Saint John will partially offset the drop in Moncton multiple starts. Multiple starts will reach 1,000 units this year, and 900 units in 2004.

Resales: 2002 was a record year. There is no indication that 2003 will not maintain the trend: intra-provincial migration to all three larger centres and relatively low mortgage

rates will continue to stimulate sales, particularly in Fredericton where listings are abundant. MLS® resales will reach a level of 5,250 units this year, and 5,475 units in 2004.

Prices: In the three larger southern urban centres, expect a greater share of lower priced existing homes to be sold to people moving from northern NB (where the average price is below \$65,000). This will cause the average MLS® price to rise at a slower pace.

Provincial Highlight

Saint John's population dropped by 2.4 per cent to 122,678 in 2001 when compared to 1996. One third of that drop was due to natural causes, while out-migration accounted for two thirds. However, most of out migrants left in 1996 and 1997 when the economy was going through a transition period. Since 1998, employment has been trending up at record pace and the economy has meaningfully diversified. This renewed confidence in the economy has reduced the out flow of workers. In 2001, less than 200 people had left the region. Record employment levels, strong consumer confidence, low mortgage rates and improving migration trends are all factors which will stimulate housing demand over the next few years.

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Nova Scotia

Overview

Homeownership demand to weaken

Housing market activity in Nova Scotia is expected to weaken in 2003 and 2004 as home ownership demand softens. While the provincial economy will continue to grow over the next two years, the pace of growth is forecast to slow down resulting in very modest job gains and increasing numbers of people leaving the province.

Rising interest rates and inflation are expected to curb consumer appetites and slow the shopping spree of the past 18 months. However, non-residential construction investment is forecast to rebound from a weak year in 2002 on the strength of projects such as the construction phase of Tier II of the Sable Offshore Energy Project, the Halifax Harbour cleanup, and Highway 101 and 103 twinning. A subdued U.S. economy is expected to adversely impact the trade sector in 2003

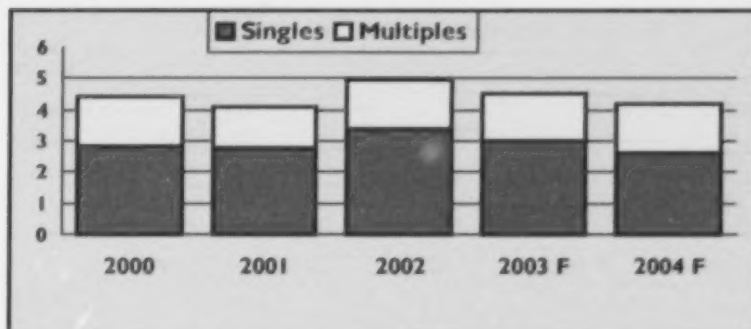
In Detail

Single Starts: Home ownership demand is expected to weaken beginning in the third quarter of 2003 and extending into 2004. However, low inventories and a late start to the home building season due to severe winter weather will likely support a flurry of single starts in the second quarter of 2003 before the slowdown begins. Move-up buyers will be the main source of demand for new homes through 2004.

Multiple Starts: The considerable strength of the Metro Halifax condominium market over the past 18 months is encouraging further expansion in this relatively immature segment of the housing market. Furthermore, rental demand is expected to grow over the next two years as mortgage carrying costs rise and more young people descend upon Halifax for school and work. Consequently, multiple starts are forecast to remain above 1,500 in 2003 and 2004.

Resales: A chronic shortage of active listings is limiting existing home sales and spurring continued price growth. Seller's market conditions are expected to prevail

Nova Scotia Starts (000's)



but improvement is on the horizon.

Encana's decision to indefinitely delay the Deep Panuke project and poor drilling results from recent exploration activity has called into question the planned expansion of the Maritimes and Northeast Pipeline and generally clouded the longer term outlook for the offshore energy sector.

It is thought that the favourable environment of 2002 resulted in a substantial amount of home ownership demand being brought forward. However, ownership housing starts will show declines in 2003 and 2004, reaching 4,575 and 4,300 units respectively in response to slower economic growth.

throughout 2003 despite weakening demand, but sales are forecast to decline by more than 600 this year and an additional 300 in 2004 dropping below the 10,000 mark.

Prices: Growth in resale prices is forecast to decelerate to under 5 per cent this year and less than 2 per cent in 2004 as demand slackens. However, tight trades labour conditions and energy price induced building material production and transportation cost increases are expected to result in continued strong growth in new home prices.

Provincial Highlight

Due to the Ontario provincial government's decision to phase out Grade 13, there will be two graduating classes of high school students in that province this year, many of whom plan to attend college or university. With it's disproportionately large share of colleges and universities, Nova Scotia, and particularly Halifax, is expected to experience a larger influx of freshman students this year than is normally the case. This is expected to lead to additional demand pressure on rental markets near campuses- a phenomenon which is likely to persist over the next four to six years while these students complete their studies.

P.E.I.

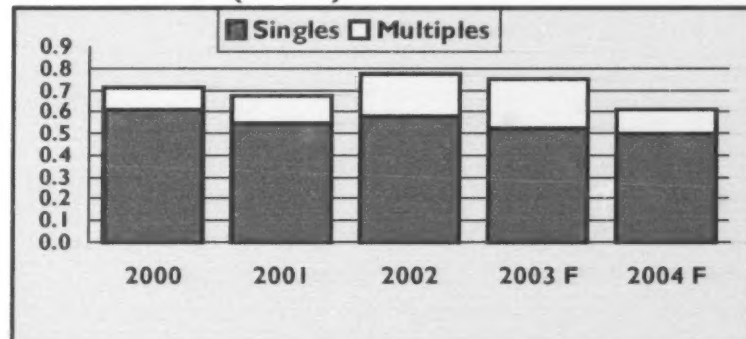
Overview

Starts will be down after excellent 2002

Economic growth on the Island is expected to remain positive with a GDP growth rate of 2.5 per cent this year. One major factor supporting this growth is that a normal potato crop is expected in 2003. This will help to support the primary industry of potato production, but it will also support the secondary industries, which rely on the crop for processing. Tourism is expected to remain strong over the forecast period due to the Island's close proximity to the United States, a low albeit appreciating Canadian Dollar, and its image as a safe family destination.

Employment growth on the Island is expected to remain positive in both 2003 and 2004. However, the growth will not be generated by new jobs in the construction sector. The jobs created over the past few years however, are expected to remain

P.E.I. Starts (000's)



despite the fact that work on both the East Prince Health Facility and Atlantic Technology Centre is wrapping up. There are several nonresidential projects slated for the Island over the forecast period which will offset the completion of these two large projects. The proposed projects include a beef processing facility in Borden-Carleton, an expansion of the Atlantic Veterinary College, the National Research Centre's new regional innovation centre and a new federal government building—the latter three projects will be located in Charlottetown.

Housing starts are expected to reach 755 units in 2003, a decrease of only 2.6 per cent from the decade high level reached in 2002. The strength in housing starts in 2003 is expected to come mainly from multiple starts in the Charlottetown area.

In Detail

Single Starts: The construction of single-family homes is expected to remain strong in 2003 with 525 units, a decline of only 57 units from the strong 2002 level. A drop in 2003 is expected as 2002 represented one of the highest levels of the decade for single starts, and many builders will be concentrating on multiple unit projects.

Multiple Starts: Multiple starts in 2003 are expected to reach 230 units, an increase of 37 units from 2002. This increase will come entirely from the Charlottetown market, where several large apartment style projects are planned for the 2003 building season.

Resales: MLS® sales in PEI have hovered around the 1200 mark for the past four years, and this is expected to continue in 2003. While the demand for existing homes remains strong, the diminished supply of listings continues to be the main factor limiting an increase in sales.

Prices: After several years of strong price growth, fuelled by a shortage of listings and a strong demand for existing homes in the provinces urban centres, the average MLS® sales price is expected to increase by a modest 0.9% in 2003.

Provincial Highlight

The Atlantic Technology Centre (ATC) is a \$20 million 126,000 square-foot, four-storey complex located in downtown Charlottetown. Its goal is to provide the Island's IT industry with state-of-the-art office space, an IT Education and Training Academy, a business incubator, specialized research labs, multimedia theatres, digital audio and video editing facilities, smart boardrooms, a café and exhibition areas.

The structure was also designed to help attract new investment to the province. Since its completion it has attracted a number of tenants including EDS, XWave, Salter Street Productions, Holland College, Deltaware Systems and IBM. This project is expected to help continue with the diversification of the Island's economy.

Newfoundland and Labrador

Overview

Economic growth continues but housing expansion stalls

Despite the outlook for another year of healthy economic growth, the broad based expansion in the housing market over the previous three years will stall this year.

Rising mortgage rates and house prices will be the primary causes behind this slowdown in activity. Continued outmigration and renewed concerns over the closure of the cod fishery along the northeast coast and gulf regions of the province will have a dampening effect on housing starts.

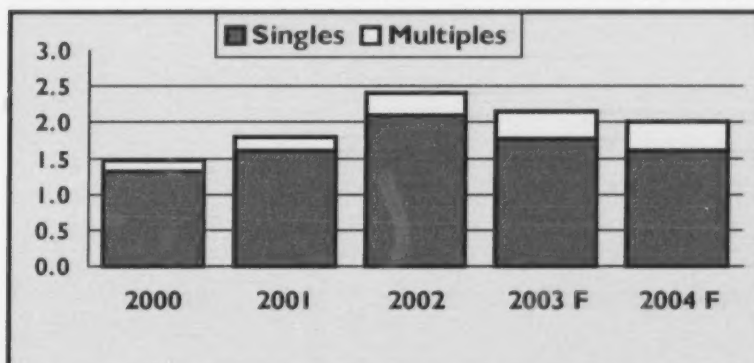
While housing markets are forecast to cool somewhat, activity will still remain high. Offshore oil production and investment expenditures on large capital projects such as White Rose and Voisey's Bay remain the

In Detail

Single Starts: With interest rates headed up and demand in rural areas expected to moderate, single-detached starts are forecast to cool off this year. Poor weather conditions have led to reduced activity in early 2003 and hampered builder's attempts to get a head start on the spring market. While sustained economic growth and ongoing movement to the area will limit declines in the St. John's region expect rural areas to account for much of the overall loss. Accordingly, singles are forecast to decline to 1,775 units this year. Despite this, they will still post their second best performance since 1991.

Multiple Starts: Both the aging population and an infusion of public sector dollars will support further gains in multiple starts. Apartment and row/townhouse construction will continue to benefit from an expanding condominium market. With new funds for affordable housing and homeownership costs rising, expect more stock in the form of basement units and larger apartment projects. Overall, expect 375 multiples this year.

Newfoundland and Labrador Starts (000's)



major thrust behind the sustained economic upturn. Expect real GDP growth of around 4.0 per cent this year, roughly half the level achieved in 2002 but still among the highest in Canada. Tourism will also remain a bright spot in the economy in coming years.

Both employment and incomes will also increase over the forecast horizon sustaining growth in retail trade and other service based industries. While rural areas will continue to lose people, other centres, and in particular the St. John's region, will benefit from the trend towards urbanization. As a result, housing markets in the St. John's region will remain active and likely outperform the rest of the province. Starts will reach 2,150 units this year and 2,000 in 2004.

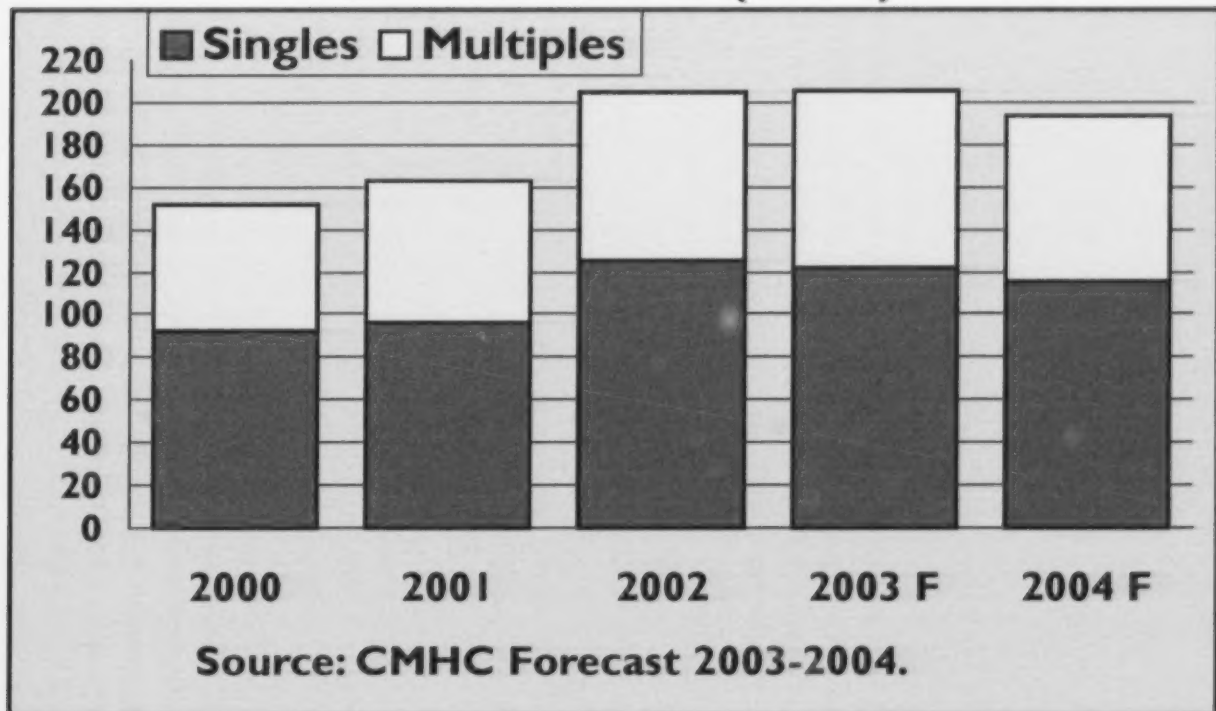
Resales: MLS® sales continue to be held back by a shortage of new listings. With listings expected to remain low and rising interest rates and prices causing higher mortgage carrying costs, expect sales to back off slightly in 2003.

Prices: Despite fewer sales, strong demand and listing shortages will continue to drive price growth above normal levels. When combined with more sales of higher priced homes, the average MLS® price will advance just over six per cent in 2003.

Provincial Highlight

Between 1996 and 2001, the exodus of Newfoundlanders continued. While St. John's experienced less of a decline, it was still not immune from this phenomenon. Despite the population decline, housing demand remained quite strong. In fact, MLS® sales hit record levels each year since 1998 and housing starts were at 12 year highs in 2002. Demographics played a key role in this development. In particular, the number of households is on the rise in St. John's even as the population declines. Households in St. John's increased 7.5 per cent over the past 5 years. This reflects the trend towards a growing number of smaller households. The number of one-person households in St. John's increased by almost 32 per cent between 1996 and 2001, a rate that was over double the national average. With the population aging expect this trend to continue over the long term, providing opportunities for the housing industry.

Canada Starts (000's)



Total Housing Starts (units and annual percent change)							
	1998	1999	2000	2001	2002	2003(F)	2004(F)
NFLD	1450	1371	1459	1788	2419	2150	2000
%	-14.5	-5.4	6.4	22.5	35.3	-11.1	-7.0
PEI	524	616	710	675	775	755	610
%	11.5	17.6	15.3	-4.9	14.8	-2.6	-19.2
NS	3137	4250	4432	4092	4970	4525	4200
%	-17.7	35.5	4.3	-7.7	21.5	-9.0	-7.2
NB	2447	2776	3079	3462	3862	3750	3600
%	-9.4	13.4	10.9	12.4	11.6	-2.9	-4.0
QUE	23138	25742	24695	27682	42452	44000	42000
%	-10.7	11.3	-4.1	12.1	53.4	3.6	-4.5
ONT	53830	67235	71521	73282	83597	86000	80000
%	-0.4	24.9	6.4	2.5	14.1	2.9	-7.0
MAN	2895	3133	2560	2963	3617	3200	3200
%	10.8	8.2	-18.3	15.7	22.1	-11.5	0.0
SASK	2965	3089	2513	2381	2963	2925	2900
%	7.5	4.2	-18.6	-5.3	24.4	-1.3	-0.9
ALTA	27122	25447	26266	29174	38754	35100	31200
%	14.6	-6.2	3.2	11.1	32.8	-9.4	-11.1
BC	19931	16309	14418	17234	21625	23100	24000
%	-32.1	-18.2	-11.6	19.5	25.5	6.8	3.9
CAN	137439	149968	151653	162733	205034	*205500	*193700
%	-6.5	9.1	1.1	7.3	26.0	0.2	-5.7

Source: CMHC Forecast 2003-2004.
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts (units and annual percent change)

	1998	1999	2000	2001	2002	2003 (F)	2004 (F)
NFLD	1086	1233	1315	1598	2092	1775	1600
%	-11.0	13.5	6.7	21.5	30.9	-15.2	-9.9
PEI	387	472	614	551	582	525	500
%	3.5	22.0	30.1	-10.3	5.6	-9.8	-4.8
NS	2257	3345	2856	2761	3363	3000	2600
%	-23.2	48.2	-14.6	-3.3	21.8	-10.8	-13.3
NB	1989	2201	2442	2573	2769	2750	2700
%	-6.4	10.7	10.9	5.4	7.6	-0.7	-1.8
QUE	14685	15798	15349	17193	25257	26000	25000
%	-8.6	7.6	-2.8	12.0	46.9	2.9	-3.8
ONT	32737	39421	41087	39632	51114	49000	47000
%	-7.5	20.4	4.2	-3.5	29.0	-4.1	-4.1
MAN	2368	2231	2348	2460	3016	2500	2500
%	17.3	-5.8	5.2	4.8	22.6	-17.1	0.0
SASK	2154	2070	1890	1627	1931	2000	2100
%	10.2	-3.9	-8.7	-13.9	18.7	3.6	5.0
ALTA	20077	16688	16835	19769	24520	23500	20000
%	10.5	-16.9	0.9	17.4	24.0	-4.2	-14.9
BC	8691	8731	7448	7862	10730	11000	11300
%	-32.7	0.5	-14.7	5.6	36.5	2.5	2.7
CAN	86431	92190	92184	96026	125374	*122100	*115300
%	-7.2	6.7	0.0	4.2	30.6	-2.4	-5.6

Source: CMHC Forecast 2003-2004

(F) Forecast.

* Total does not add due to rounding.

Multiple Starts (units and annual percent change)

	1998	1999	2000	2001	2002	2003 (F)	2004 (F)
NFLD	364	138	144	190	327	375	400
%	-23.5	-62.1	4.3	31.9	72.1	14.7	6.7
PEI	137	144	96	124	193	230	110
%	42.7	5.1	-33.3	29.2	55.6	19.2	-52.2
NS	880	905	1576	1331	1607	1525	1600
%	0.7	2.8	74.1	-15.5	20.7	-5.1	4.9
NB	458	575	637	889	1093	1000	900
%	-20.6	25.5	10.8	39.6	22.9	-8.5	-10.0
QUE	8453	9944	9346	10489	17195	18000	17000
%	-13.9	17.6	-6.0	12.2	63.9	4.7	-5.6
ONT	21093	27814	30434	31650	32483	37000	33000
%	13.0	31.9	9.4	10.6	-3.5	13.9	-10.8
MAN	527	902	212	503	601	700	700
%	-11.1	71.2	-76.5	137.3	19.5	16.5	0.0
SASK	811	1019	623	754	1032	925	800
%	1.0	25.6	-38.9	21.0	36.9	-10.4	-13.5
ALTA	7045	8759	9431	9405	14234	11600	11200
%	28.1	24.3	7.7	-0.3	51.3	-18.5	-3.4
BC	11240	7578	6970	9372	10895	12100	12700
%	-31.6	-32.6	-8.0	34.5	16.3	11.1	5.0
CAN	51008	57778	59469	66707	79660	*83500	*78400
%	-5.3	13.3	2.9	12.2	19.4	4.8	-6.1

Source: CMHC Forecast 2003-2004.

(F) Forecast.

* Total does not add due to rounding.

		Multiple Housing Starts by Type (Units)						
		1998	1999	2000	2001	2002	2003 (F)	2004 (F)
NF	Semi-detached	163	50	44	30	36	50	70
	Row	20	9	23	36	42	60	50
	Apartment	181	79	77	124	249	265	280
	Total	364	138	144	190	327	375	400
PEI	Semi-detached	28	32	46	56	64	40	40
	Row	10	31	21	10	47	40	20
	Apartment	99	81	29	58	82	150	50
	Total	137	144	96	124	193	230	110
NS	Semi-detached	290	218	266	228	253	250	225
	Row	89	29	17	40	144	125	125
	Apartment	501	658	1293	1063	1210	1150	1250
	Total	880	905	1576	1331	1607	1525	1600
NB	Semi-detached	106	134	113	114	186	150	190
	Row	89	94	26	153	68	150	110
	Apartment	263	347	498	622	839	700	600
	Total	458	575	637	889	1093	1000	900
QC	Semi-detached	1930	1586	1291	1309	1855	2275	1700
	Row	1074	1184	858	869	964	1225	900
	Apartment	5449	7174	7197	8311	14376	14000	13400
	Total	8453	9944	9346	10489	17195	17500	16000
ON	Semi-detached	4575	6445	7167	7106	6886	7300	6500
	Row	10073	10425	10846	10269	11849	12500	11500
	Apartment	6445	10944	12421	16275	13748	17200	15000
	Total	21093	27814	30434	33650	32483	37000	33000
MAN	Semi-detached	131	90	52	51	68	75	75
	Row	81	151	63	84	76	85	85
	Apartment	315	661	97	368	457	540	540
	Total	527	902	212	503	601	700	700
SK	Semi-detached	174	155	148	116	142	165	120
	Row	222	104	173	240	456	280	200
	Apartment	415	760	302	398	434	480	480
	Total	811	1019	623	754	1032	925	800
ALB	Semi-detached	1428	1570	1518	1957	2869	2100	2000
	Row	1512	1424	1545	1779	2531	1850	1800
	Apartment	4105	5765	6368	5669	8834	7650	7400
	Total	7045	8759	9431	9405	14234	11600	11200
B.C.	Semi-detached	1218	816	885	916	1225	1350	1400
	Row	2117	1444	1675	1686	2305	2650	2800
	Apartment	7905	5318	4410	6770	7365	8100	8500
	Total	11240	7578	6970	9372	10895	12100	12700
CAN	Semi-detached	10043	11096	11530	11883	13584	13755	12320
	Row	15287	14895	15247	15166	18482	18965	17590
	Apartment	25678	31787	32692	39658	47594	50235	47500
	Total	51008	57778	59469	66707	79660	*83000	*77400

Source: CMHC Forecast 2003-2004.

* Total does not add due to rounding.

Total Residential Resales (units and annual percent change)

	1998	1999	2000	2001	2002	2003 (F)	2004 (F)
NFLD	2288	2437	2593	2808	3014	2900	2900
%	5.4	6.5	6.4	8.3	7.3	-3.8	0.0
PEI	1125	1184	1206	1234	1221	1225	1225
%	39.6	5.2	1.9	2.3	-1.1	0.3	0.0
NS	8052	8827	8577	9441	10243	9600	9300
%	6.4	9.6	-2.8	10.1	8.5	-6.3	-3.1
NB	3908	4376	4524	4779	5089	5250	5475
%	-0.8	12.0	3.4	5.6	6.5	3.2	4.3
QUE	45192	49792	53755	61620	71001	61500	60000
%	4.0	10.2	8.0	14.6	15.2	-13.4	-2.4
ONT	138463	148659	147158	162318	177406	170000	160000
%	-1.5	7.4	-1.0	10.3	9.3	-4.2	-5.9
MAN	10762	10867	10612	11440	10990	10800	10500
%	-3.7	1.0	-2.3	7.8	-3.9	-1.7	-2.8
SASK	8068	8053	7552	7971	7933	7500	7500
%	-3.3	-0.2	-6.2	5.5	-0.5	-5.5	0.0
ALTA	43383	42684	43311	48989	51042	49000	47000
%	-0.7	-1.6	1.5	13.1	4.2	-4.0	-4.1
BC	52910	58084	54179	69554	82737	78000	77000
%	-22.4	9.8	-6.7	28.4	19.0	-5.7	-1.3
CAN**	314151	334963	333467	380154	420676	*395800	*380900
%	-4.8	6.6	-0.4	14.0	10.7	-4.5	-4.1

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,

CMHC Forecast 2003-2004.

(F) Forecast.

* Total does not add due to rounding. **Canada totals are for 10 provinces

Average Residential Resale Price (dollars and annual percent change)

	1998	1999	2000	2001	2002	2003 (F)	2004 (F)
NFLD	91514	94359	99525	104376	113081	120000	125000
%	-0.8	3.1	5.5	4.9	8.3	6.1	4.2
PEI	79577	82138	82884	87696	95117	96000	97000
%	-7.9	3.2	0.9	5.8	8.5	0.9	1.0
NS	97015	102628	109839	115485	126669	132500	135000
%	0.3	5.8	7.0	5.1	9.7	4.6	1.9
NB	85948	88072	91624	95947	100129	101368	102760
%	-1.4	2.5	4.0	4.7	4.4	1.2	1.4
QUE	103947	107501	111260	115865	129504	138850	145500
%	2.2	3.4	3.5	4.1	11.8	7.2	4.8
ONT	167115	174049	183841	193357	210699	227000	240000
%	1.7	4.1	5.6	5.2	9.0	7.7	5.7
MAN	86419	86423	87884	93192	96639	98500	100000
%	1.2	0.0	1.7	6.0	3.7	1.9	1.5
SASK	87577	91396	94047	98310	101297	105000	107000
%	4.3	4.4	2.9	4.5	3.0	3.7	1.9
ALTA	132905	139621	146258	153737	170253	176000	185000
%	6.4	5.1	4.8	5.1	10.7	3.4	5.1
BC	212046	215283	221371	222822	238877	245000	257000
%	-3.8	1.5	2.8	0.7	7.2	2.6	4.9
CAN**	152393	158180	164095	171916	188168	*199600	*209400
%	-1.5	3.8	3.7	4.8	9.5	5.3	4.9

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,

CMHC Forecast 2003-2004.

(F) Forecast.

* Total does not add due to rounding. **Canada totals are for 10 provinces

Real Gross Domestic Product (annual percent change)							
	1998	1999	2000	2001	2002	2003 (F)	2004 (F)
NFLD	6.9	6.4	5.0	1.2	8.0	4.0	2.0
PEI	4.0	4.1	3.5	0.3	3.0	2.5	2.7
NS	3.8	5.5	2.4	2.4	3.0	2.8	2.2
NB	3.9	6.1	2.1	0.6	3.3	3.0	3.5
QUE	3.2	5.6	5.0	1.2	3.8	3.1	3.4
ONT	4.9	7.6	4.8	1.2	3.4	3.3	3.6
MAN	4.8	2.2	2.8	1.4	3.3	3.5	3.5
SASK	4.2	0.8	3.3	-2.0	2.2	2.5	2.2
ALTA	4.6	1.6	5.9	2.9	3.0	4.5	4.2
BC	1.5	2.5	4.3	0.9	2.0	2.7	3.5
CAN	4.1	5.4	4.5	1.5	3.4	3.2	3.5

Source: Statistics Canada, CMHC Forecast 2003-2004.
(F) Forecast.

Total Net Migration* (persons)							
	1998	1999	2000	2001	2002 (E)	2003 (F)	2004 (F)
NFLD	-7824	-3443	-4776	-3456	-3100	-2800	-2100
PEI	118	454	33	633	575	615	640
NS	182	3534	-1210	-316	675	550	0
NB	-2341	1190	-1987	-907	750	1200	1150
QUE	2414	9565	11426	20138	20300	21500	23000
ONT	74340	105924	139411	145573	124115	105000	110000
MAN	-1665	350	-989	-2614	-1100	-900	-900
SASK	-1022	-5844	-7377	-7738	-8100	-6200	-5200
ALTA	45414	25935	32638	35390	35350	32200	30200
BC	10745	20339	18506	31634	27300	35200	38500
CAN**	120361	158004	185675	218337	196765	186365	195290

Source: Statistics Canada, CMHC Estimate 2002, CMHC Forecast 2003-2004.
(E) Estimate. (F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators							
Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS TM sales	MLS TM average price	Rental vacancy rate, structures of 3 units +
Victoria	2002	1344	879	3.6	7069	242503	1.5
	2003(F)	1450	910	4.3	6575	262000	1.8
	2004(F)	1570	915	3.1	6700	269500	1.2
Vancouver	2002	13197	4980	2.5	34909	301473	1.4
	2003(F)	14400	5300	4.0	32000	312500	1.6
	2004(F)	15600	5800	3.0	33500	323000	1.5
Abbotsford	2002	1038	558	na	na	na	2.0
	2003(F)	1100	580	na	2350	229000	2.3
	2004(F)	1150	620	na	2450	235000	2.5
Edmonton	2002	12581	6860	7.2	15923	150165	1.7
	2003(F)	9750	5750	4.0	15250	158000	2.5
	2004(F)	8500	5000	3.5	15000	166000	2.5
Calgary	2002	14339	9413	5.2	25054	198058	2.9
	2003(F)	12250	8250	4.5	22150	209500	3.2
	2004(F)	12000	8000	3.5	22000	217000	2.5
Saskatoon	2002	1489	691	1.5	2941	118999	3.7
	2003(F)	1050	700	2.0	2800	123000	2.0
	2004(F)	1100	700	2.0	2800	125000	2.0
Regina	2002	651	504	3.7	2817	100751	1.9
	2003(F)	750	550	2.0	2600	103000	1.9
	2004(F)	800	600	2.0	2650	105000	1.9
Winnipeg	2002	1821	1528	2.6	9881	98054	1.2
	2003(F)	1650	1250	2.5	9800	100000	1.0
	2004(F)	1600	1250	2.0	9750	102500	1.2
Thunder Bay	2002	197	193	1.0	1214	114365	4.7
	2003(F)	240	200	1.0	1250	116424	3.7
	2004(F)	280	210	1.0	1288	118752	3.0
Sudbury	2002	298	292	1.0	2031	110826	5.1
	2003(F)	316	310	1.0	2143	114151	4.7
	2004(F)	330	320	1.0	2250	118146	4.0
Windsor	2002	2490	1726	0.5	4938	149656	3.9
	2003(F)	2610	1800	0.7	4785	155492	3.5
	2004(F)	2195	1625	0.6	4665	160623	2.5
London	2002	2604	1969	2.9	8290	142745	2.0
	2003(F)	2750	1700	2.6	7625	149000	2.3
	2004(F)	2300	1550	2.2	7175	154000	2.6
Kitchener	2002	4130	3007	4.1	5253	177559	2.3
	2003(F)	3950	2800	3.1	5050	186425	2.0
	2004(F)	3900	2550	4.0	4750	194814	1.9
St. Catharines-Niagara	2002	1317	1032	1.9	5950	144719	2.4
	2003(F)	1460	1150	2.5	5500	151200	2.1
	2004(F)	1300	1070	2.5	5200	155500	2.0
Hamilton	2002	3803	2259	4.3	12482	183442	1.6
	2003(F)	3900	2150	5.5	11750	192500	1.4
	2004(F)	3700	2100	3.6	10750	200000	1.4
Toronto	2002	43805	22115	3.4	74107	275975	2.5
	2003(F)	45000	20000	4.2	70000	295000	3.0
	2004(F)	40000	18000	3.5	65000	310000	3.2

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS TM sales	MLS TM average price	Rental vacancy rate structures of 3 units +
Oshawa	2002	3490	2955	na	8520	204103	2.3
	2003(F)	3325	2800	na	8375	218500	2.5
	2004(F)	3010	2400	na	8050	223000	2.1
Kingston	2002	810	775	na	3646	144413	1.0
	2003(F)	850	750	na	4100	146000	0.9
	2004(F)	930	790	na	4350	149600	0.8
Ottawa	2002	7796	3807	7.7	12894	200711	1.9
	2003(F)	6800	3200	5.0	12300	212500	1.6
	2004(F)	6200	3000	4.0	13100	218100	1.5
Gatineau	2002	2553	1574	7.7	3823	112755	0.5
	2003(F)	2700	2000	7.0	3600	116000	0.8
	2004(F)	2300	1600	3.0	3500	118000	1.5
Montréal	2002	20554	10416	5.8	46931	143589	0.7
	2003(F)	22500	10800	5.5	34000	170000	1.0
	2004(F)	20000	10000	5.5	32000	180000	1.5
Trois-Rivières	2002	619	250	n.a.	1532	75363	3.0
	2003(F)	440	260	n.a.	800	80500	2.7
	2004(F)	420	270	n.a.	800	82500	3.0
Sherbrooke	2002	857	416	n.a.	2178	105938	1.8
	2003(F)	810	330	n.a.	1100	117500	1.3
	2004(F)	650	300	n.a.	1000	112000	1.8
Québec	2002	4282	2327	4.3	8771	102627	0.3
	2003(F)	5000	2400	7.0	6800	113000	0.5
	2004(F)	4500	2500	5.0	6800	118500	1.0
Chicoutimi-Jonquière	2002	596	254	n.a.	1436	83982	4.9
	2003(F)	355	230	n.a.	925	93000	5.5
	2004(F)	295	230	n.a.	945	95750	5.2
Saint John	2002	397	338	2.1	1505	103544	6.3
	2003(F)	460	360	0.1	1525	106000	6.5
	2004(F)	525	375	0.1	1550	108000	4.5
Halifax	2002	3310	1865	3.6	6687	148737	2.7
	2003(F)	3000	1600	3.0	6225	156500	2.0
	2004(F)	2600	1200	2.2	5950	159000	1.8
St. John's	2002	1350	1093	4.3	2893	114626	2.7
	2003(F)	1325	1000	5.8	2800	121000	2.5
	2004(F)	1300	950	5.0	2800	126000	2.0
Charlottetown	2002	461	292	0.7	1221	13114	2.3
	2003(F)	475	275	1.0	500	116000	3.0
	2004(F)	375	250	1.0	525	117000	3.0
ALL METRO AREAS	2002	152179	84368	3.7	314896		1.7
	2003(F)	150666	79405	4.2	284678		1.9
	2004(F)	139430	74175	3.5	277298		2.0

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2003-2004
n.a.: data not available

Major Housing Indicators
Seasonally Adjusted Annual Rates
(levels and quarterly percent change)

	01:Q2	01:Q3	01:Q4	02:Q1	02:Q2	02:Q3	02:Q4	03:Q1
New housing								
Building permits, units, thousands	160.5	157.9	176.7	205.6	211.5	216.1	215.6	211.3
%	0.2	-1.6	11.9	16.4	2.9	2.2	-0.2	-2.0
Housing starts, total, thousands	165.1	157.1	172.3	208.0	197.8	205.5	211.6	222.2
%	4.4	-4.8	9.7	20.7	-4.9	3.9	3.0	5.0
Housing starts, singles, thousands	91.9	94.6	104.2	124.6	124.3	124.8	129.3	124.2
%	-3.1	2.9	10.1	19.6	-0.2	0.4	3.6	-3.9
Housing starts, multiples, thousands	73.2	62.5	68.1	83.4	73.5	80.7	82.3	98.0
%	15.5	-14.6	9.0	22.5	-11.9	9.8	2.0	19.1
Housing completions, total, thousands								
%								
New house price index, 1992=100	104.4	105.2	105.9	106.6	107.9	109.3	110.6	n.a.
%	0.7	0.7	0.7	0.7	1.2	1.3	1.2	n.a.
Existing housing								
MLS resales, units, thousands	373.4	382.1	421.3	459.7	411.6	402.1	409.3	401.0
%	8.6	2.3	10.3	9.1	-10.5	-2.3	1.8	-2.0
MLS average resale price, \$C thousands	170.3	174.4	175.8	183.1	187.9	189.7	192.6	197.9
%	2.5	2.4	0.8	4.2	2.6	1.0	1.5	2.7
Mortgage market								
Mortgages outstanding, \$C billions	445.9	453.3	461.0	468.7	477.7	487.0	495.8	n.a.
%	1.2	1.7	1.7	1.7	1.9	1.9	1.8	n.a.
Mortgage approvals, \$C billions								
%								
1-year mortgage rate, per cent*	6.73	6.03	4.70	4.80	5.50	5.33	5.03	5.05
5-year mortgage rate, per cent*	7.67	7.50	6.87	7.05	7.37	6.85	6.80	6.63
Residential investment**								
Total, \$1997 billions	47.0	47.9	50.5	54.6	54.4	56.5	57.9	n.a.
%	-0.8	2.0	5.3	8.1	-0.3	3.8	2.6	n.a.
New, \$1997 billions	23.1	23.6	25.3	28.0	28.7	30.7	31.6	n.a.
%	-1.8	2.3	7.5	10.5	2.5	6.9	2.9	n.a.
Alterations, \$1997 billions	16.4	16.4	16.5	16.9	17.2	17.5	17.9	n.a.
%	-2.4	0.3	0.3	2.7	1.4	2.1	2.2	n.a.
Transfer costs, \$1997 billions	7.5	7.9	8.5	9.5	8.4	8.2	8.4	n.a.
%	6.0	4.6	8.8	10.7	-10.7	-2.7	2.2	n.a.
Deflator, 1997=100	108.5	109.0	110.1	111.9	113.0	113.7	115.2	n.a.
%	1.1	0.4	1.1	1.6	1.0	0.6	1.3	n.a.

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.

n.a. Data not available.

* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.

** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.